

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Periodic Reporting
(Proposal Seven)

Docket No. RM2015-16

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued August 20, 2015)

To clarify the Postal Service's petition to consider a change in analytical principles (Proposal Seven), filed August 5, 2015,¹ the Postal Service is requested to provide a written response to the following questions. Answers should be provided as soon as they are developed, but no later than August 27, 2015.

1. Please provide a summary table showing:
 - a. the discounts for the Standard Mail and Periodicals Flats Sequencing System (FSS) workshare categories approved in Docket No. R2015-4;
 - b. the avoided costs for the FSS workshare categories as estimated by Proposal Seven; and
 - c. the updated passthroughs for the categories.

With the response, please provide an Excel file with links to all source files and inputs.

2. In Docket No. RM2015-18 (Proposal Nine),² the Postal Service filed an updated Periodicals Flats Mail Processing Cost Model reflecting the changes proposed in the instant docket. However, the Postal Service did not file the updated Periodicals Model in the instant docket. To ensure the appropriate model

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Seven), August 5, 2015 (Petition).

² Docket No. RM2015-18, Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Nine), August 5, 2015.

appears on the docket for this proceeding, please provide the updated Periodicals Flats Mail Processing Cost Model that incorporates the changes proposed in Proposal Seven.

3. In describing the methodology proposed for distributing flats volume between FSS and non-FSS, the Postal Service states that it used volume per delivery point by 3-Digit zone to estimate the volume per 5-Digit zone by class. Petition, Proposal Seven, Section One at 5–6.
 - a. Please explain the rationale for using volume per delivery point by 3-Digit zone to estimate the volume per 5-Digit zone by class. In the response, please include a discussion of the similarities and differences between 3-Digit and 5-Digit volumes.
 - b. Please state if the Postal Service will have actual volume data per 5-Digit zone by class in future fiscal years. Please explain why or why not.
4. The Postal Service states that “the CRA adjustment factor is calculated to [e]nsure the non-modeled costs distributed to FSS pieces are equal to those distributed to 5-Digit pieces.” *Id.* at 12. Please explain the calculations for the CRA proportional adjustment factor for Standard Mail Flats and the proportional unit costs for the Standard Mail FSS categories. See Excel file “STD_FLATS_Order 2472-5.xlsx,” worksheet “CRA ADJ UNIT COSTS,” cells F32, E49, E51, E61, and E63. In the response, please discuss why the CRA proportional adjustment factor was not calculated as the “modeled worksharing related proportional costs” divided by the “total weighted model costs” (cells F7/D30), as suggested by footnote 8 of the Excel worksheet.
5. Please reconcile the total unit mail processing costs for Standard Mail Flats of 24.337 cents reported in the Standard Mail Flats Mail Processing Cost Model for Proposal Seven with the estimate of 28.051 cents reported in the Postal Service’s Annual Compliance Report. *Compare* Excel file “STD_FLATS_Order

2472-5.xlsx,” worksheet “CRA FLATS,” cell E81 *with* Docket No. ACR2014, Library Reference USPS-FY14-11, Excel file “USPS-FY14-11 STD_flats.xlsx,” worksheet “CRA FLATS,” cell E81.

By the Acting Chairman.

Robert G. Taub